

§ 12.24

the audit period unless a longer period is agreed to with the cognizant agency.

(g) Recipients of more than \$100,000 in Federal funds shall submit one copy of the audit report within 30 days after issuance to a central clearinghouse to be designated by the Office of Management and Budget. The clearinghouse will keep completed audits on file and follow up with State and local governments that have not submitted required audit reports.

(h) Recipients shall keep audit reports on file for three years from their issuance.

§ 12.24 Audit resolution.

As provided in § 12.21, the cognizant agency shall be responsible for monitoring the resolution of audit findings that affect the programs of more than one Federal agency. Resolution of findings that relate to the programs of a single Federal agency will be the responsibility of the recipient and that agency. Alternate arrangements may be made on a case-by-case basis by agreement among the agencies concerned. Resolution shall be made within six months after receipt of the report by the Federal departments and agencies. Corrective action should proceed as rapidly as possible.

§ 12.25 Audit workpapers and reports.

Workpapers and reports shall be retained for minimum of three years from the date of the audit report, unless the auditor is notified in writing by the cognizant agency to extend the retention period. Audit workpapers shall be made available upon request to the cognizant agency or its designee or the General Accounting Office, at the completion of the audit.

§ 12.26 Audit costs.

The cost of audits made in accordance with the provisions of this Circular are allowable charges to Federal assistance programs.

(a) The charges may be considered a direct cost or an allocated indirect cost, determined in accordance with the provision of Circular A-87, "Cost principles for State and local governments."

(b) Generally, costs charged to Federal assistance programs for a single

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audit shall be consistent with the proportion of Federal funds to total funds expended by the recipient. These costs may be exceeded, however, if appropriate documentation demonstrates higher actual costs.

(c) The cost charged to any one program shall be reasonably proportionate to the cost of the audit effort devoted to that program.

§ 12.27 Sanctions.

The Single Audit Act provides that no cost may be charged to Federal assistance programs for audits required by the Act that are not made in accordance with OMB Circular A-128. In cases of continued inability or unwillingness to have a proper audit, the Department of the Interior will consider other appropriate sanctions including:

- Withholding a percentage of assistance payments until the audit is satisfactorily completed,
- Withholding or disallowing overhead costs, and
- Suspending the Federal assistance agreement until the audit is made.

§ 12.28 Auditor selection.

In arranging for audit services, State and local governments shall follow the procurement standards prescribed by Attachment O of Circular A-102, "Uniform requirements for grants to State and local governments." The standards provide that while recipients are encouraged to enter into intergovernmental agreements for audit and other services, analysis should be made to determine whether it would be more economical to purchase the services from private firms. In instances where use of such intergovernmental agreements are required by State statutes (e.g., audit services) these statutes will take precedence.

§ 12.29 Small and minority audit firms.

Small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in contracts awarded to fulfill the requirements of this rule. Recipients of Federal assistance provided by this Department shall take the following steps to further this goal: